

# **REVIEW OF NEW STATUTORY APPROPRIATIONS**

Prepared for the  
**Senate Bill 378 Subcommittee**  
by

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## **Introduction**

This report provides information and an analysis of the statutory appropriations added by the 56<sup>th</sup> legislature. The information is provided to allow the Subcommittee on Senate Bill 378 (subcommittee) to review these appropriations and determine if any action by the subcommittee is necessary. In past biennia the subcommittee has reviewed each statutory appropriation in statute, but chose to narrow its scope of review this biennium to only the new statutory appropriations.

This report also contains several charts and tables that encompass all of the statutory appropriations in current law to provide the committee with an overview of: 1) where the funds are coming from; 2) where the funds are being spent; and 3) budget type.

### **Breakdown of 1999 Expenditures and Comparison to 1997 Expenditures**

Table 1 provides a summary of fiscal 1999 expenditures by revenue source, use, and budget type. Charts 1 through 3 illustrate this same information in chart format. In 1997 total expenditures for statutory appropriations were \$220.5 million. As Table 1 shows, the amount expended in fiscal 1999 was \$184.4 million, a \$36.1 million decrease from fiscal 1997 expenditures. The decrease is largely due to the elimination by the 1999 legislature of the statutory appropriation of all monies deposited in the state fund (39-71-2321, MCA).

Two changes in statutory appropriations had a significant impact on fiscal 1999 expenditures - one change was enacted by the 1997 legislature and the other by the 1999 legislature. The two changes were: 1) the elimination of the state fund statutory appropriation (39-71-2321, MCA); and 2) the addition of a statutory appropriation to dedicate revenue from oil and natural gas production taxes and interest for distribution to county and school taxing units (15-36-324, MCA). The change in these statutes caused the mix in revenue source, use, and budget type to have some noteworthy differences as compared to fiscal 1997. The major differences are detailed below:

#### **Revenue Source**

- Taxes represent the source of approximately 58 percent of total revenue expended in fiscal 1999, compared to 21 percent in fiscal 1997. Approximately one-third of the increase is related to the statutory appropriation added by the 1997 legislature (15-36-324, MCA). This cite statutorily appropriated revenue from oil and natural gas production taxes and interest for distribution to county and school taxing units.
- Contributions/premiums and insurance proceeds were the largest revenue source in fiscal 1997 (42 percent) compared to fiscal 1999 (1 percent). This drop was due to the elimination of the state fund statutory appropriation (39-71-2321, MCA).

## Use

- In fiscal 1999, local assistance expenditures were \$111.0 million, or 60 percent of total expenditures. In fiscal 1997, local assistance expenditures represented \$44.5 million, or 20 percent of total expenditures. The increase in fiscal 1999 is largely due to changes in fund type, or accounting changes (\$38.0 million), and new statutory appropriations (\$22.3 million). The new statutory appropriation dedicating revenue from oil and natural gas production taxes and interest for distribution to county and school taxing units (15-36-324, MCA) had expenditures comprising \$21.5 million of the \$22.3 million increase fiscal 1999.

## Budget Type

- Non-budgeted expenditures decreased from 54 percent of all statutory appropriations in fiscal 1997 to 16 percent in fiscal 1999. Once again, the decrease was the result of the elimination of the state fund statutory appropriation (39-71-2321, MCA).

## Analysis of Statutory Appropriations Approved by the 56<sup>th</sup> Legislature

Five new statutory appropriations were approved by the 56<sup>th</sup> legislature in the following bills:

- HB 69 – an act to revise the laws governing statutory appropriations and dedicated revenue (77-1-505, MCA)
- HB 72 - an act providing a guaranteed annual benefit adjustment for recipients in the teachers' retirement system (19-20-604, MCA)
- SB 18 - an act enabling Montana agricultural commodity groups to adopt commodity checkoff programs for the purpose of conducting commodity research and market development programs (80-11-518, MCA)
- HB 260 – an act to encourage economic development via investment in research/commercial projects (15-34-115 and 90-3-1003, MCA)

HB 260 was declared unconstitutional. Therefore, the two statutory appropriations created by that bill will be removed from statute.

Pages 8 through 12 provide information and a brief analysis of the new statutory appropriations. An explanation of the components of information contained in these pages follows:

**Budget Type:** The budget type in which the statutorily appropriated money is accounted is noted. Sometimes, the use of the money determines what the budget type should be even though it might currently be accounted for in a different manner. By law, money in some budget types are “non-budgeted” and can be spent without a legislative appropriation. In cases where there may be more than one budget type, the type with the larger amount of revenue was used.

**Revenue Type:** The general source of revenue that is statutorily appropriated is listed. In cases where there may be more than one type of revenue, the type with the larger amount of revenue was chosen.

**Use Type:** This identifies the general use or purpose for which the money is to be spent. In cases where the money may be used for more than one purpose, the use with the larger amount of revenue was chosen.

**Expenditures:** Because these are new statutory appropriations, expenditure data is not yet available. Therefore, no amounts will be reflected in the columns for Frequency of Use, Coefficient of Variance, Expenditures, Fiscal 1999 Fund Balance, and Fiscal 1999 Unreserved Fund Balance.

Statutory guidelines and compliance with the guidelines are included for each statutory appropriation. After reviewing this information, the subcommittee will determine if any action is necessary to maintain the statutory appropriation, or if the subcommittee wishes to recommend elimination of the statutory appropriation (“Action Options” are listed at the bottom of each statutory appropriation analysis sheet). The subcommittee may also want to determine if any of the new statutory appropriations can be exempt from future reviews.

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